Consolidated Statements of Income

(U.S. dollars in millions, except share and per share data)

		Three months ended December 31,		Year ended December 31,	
		2015	2014	2015	2014
		Unaudited	Unaudited	Audited	Audited
Net revenues		4,881	5,168	19,652	20,272
Cost of sales		2,034	2,279	8,296	9,216
Gross profit		2,847	2,889	11,356	11,056
Research and development expenses		446	379	1,525	1,488
Selling and marketing expenses		916	1,006	3,478	3,861
General and administrative expenses		291	320	1,239	1,217
Impairments, restructuring and others		163	286	1,131	650
Legal settlements and loss contingencies		100	(44)	631	(111)
Operating income		931	942	3,352	3,951
Financial expenses – net		70	70	1,000	313
Income before income taxes		861	872	2,352	3,638
Income taxes		249	186	634	591
Share in (income) losses of associated companies – net		114	(8)	121	5
Net income		498	694	1,597	3,042
Net income (loss) attributable to non-controlling interests		(2)	7	9	(13)
Net income attributable to Teva		500	687	1,588	3,055
Accrued dividends on preferred shares		15	-	15	-
Net income attributable to ordinary shareholders		485	687	1,573	3,055
Earnings per share attributable to ordinary shareholders:	**Basic ($)**	0.56	0.80	1.84	3.58
	Diluted ($)	0.55	0.80	1.82	3.56
Weighted average number of shares (in millions):	**Basic**	866	854	855	853
	Diluted	875	861	864	858
Non-GAAP net income attributable to ordinary shareholders:*		1,121	1,144	4,681	4,413
Non-GAAP earnings per share attributable to ordinary shareholders:*	**Basic ($)**	1.29	1.34	5.48	5.17
	Diluted ($)**	1.28	1.33	5.42	5.14
Weighted average number of shares (in millions):	**Basic**	866	854	855	853
	Diluted	888	861	867	858
Non-GAAP earnings per share adjusted to exclude Dec 15 equity offerings	**Diluted ($)**	1.32	1.33	5.46	5.14
Weighted average number of shares adjusted to exclude Dec 15 equity offerings (in millions)	**Diluted**	861	861	860	858

* See reconciliation attached.

** For the calculation of the 2015 diluted non-GAAP earnings per share attributable to ordinary shareholders, $15 million were added back to the Non-GAAP net income attributable to ordinary shareholders since they had a dilutive effect.

Condensed Consolidated Balance Sheets

(U.S. dollars in millions)

(Audited)

	December 31, 2015	December 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	6,946	2,226
Accounts receivable	5,350	5,408
Inventories	3,966	4,371
Deferred income taxes	735	993
Other current assets	1,401	1,398
Total current assets	18,398	14,396
Other non-current assets	2,616	1,569
Property, plant and equipment, net	6,544	6,535
Identifiable intangible assets, net	7,675	5,512
Goodwill	19,025	18,408
Total assets	54,258	46,420
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term debt	1,585	1,761
Sales reserves and allowances	6,601	5,849
Accounts payable and accruals	3,594	3,171
Other current liabilities	1,225	1,508
Total current liabilities	13,005	12,289
Long-term liabilities:		
Deferred income taxes	1,748	1,101
Other taxes and long-term liabilities	1,195	1,109
Senior notes and loans	8,383	8,566
Total long-term liabilities	11,326	10,776
Equity:		
Teva shareholders' equity:	29,769	23,313
Non-controlling interests	158	42
Total equity	29,927	23,355
Total liabilities and equity	54,258	46,420

Condensed Consolidated Cash Flow

(U.S. Dollars in millions)

	Three months ended December 31,		Year ended December 31,	
	2015	2014	2015	2014
	Unaudited	Unaudited	Audited	Audited
Operating activities:				
Net income	498	694	1,597	3,042
Net change in operating assets and liabilities	264	507	967	290
Items not involving cash flow	853	551	2,978	1,795
Net cash provided by operating activities	1,615	1,752	5,542	5,127
Net cash used in investing activities	(293)	(347)	(5,565)	(1,450)
Net cash provided by (used in) financing activities	4,715	(593)	4,805	(2,375)
Translation adjustment on cash and cash equivalents	(19)	(59)	(62)	(114)
Net change in cash and cash equivalents	6,018	753	4,720	1,188
Balance of cash and cash equivalents at beginning of period	928	1,473	2,226	1,038
Balance of cash and cash equivalents at end of period	6,946	2,226	6,946	2,226

Non GAAP reconciliation items

(U.S. Dollars in millions)

	Three months ended December 31,		Year ended December 31,	
	2015	2014	2015	2014
	Unaudited	Unaudited	Audited	Audited
Amortization of purchased intangible assets	201	253	838	1,036
Legal settlements and loss contingencies	100	(44)	631	(111)
Contingent consideration	70	6	399	(20)
Restructuring expenses	62	80	183	246
Equity compensation	30	24	112	78
Impairment of long-lived assets	28	179	361	387
Other expenses	23	21	16	76
Acquisition expenses	17	2	211	13
Costs associated with cancellation of R&D projects	14	27	14	79
Costs related to regulatory actions taken in facilities	8	30	36	75
Purchase of research and development in process	(3)	-	21	-
Financial expense	2	1	777	7
Corresponding tax effect	(40)	(122)	(631)	(508)
Impairment of equity investment─net	124	-	124	-
Minority interest changes	-	-	16	-

Reconciliation between net income attributable to ordinary shareholders and earnings per share
as reported under US GAAP to non-GAAP net income attributable to ordinary shareholders and earnings per share

	Year ended December 31, 2015				Year ended December 31, 2014			
	U.S. dollars and shares in millions (except per share amounts)							
	GAAP	Non-GAAP Adjustments	Non-GAAP	% of Net Revenues	GAAP	Non-GAAP Adjustments	Non-GAAP	% of Net Revenues
Gross profit (1)	11,356	859	12,215	62%	11,056	1,093	12,149	60%
Operating income (1)(2)	3,352	2,822	6,174	31%	3,951	1,859	5,810	29%
Net income attributable to ordinary shareholders (1)(2)(3)(4)	1,573	3,108	4,696	24%	3,055	1,358	4,413	22%
Earnings per share attributable to ordinary shareholders - diluted (5)	1.82	3.60	5.42		3.56	1.58	5.14	

		2015	2014
(1)	Amortization of purchased intangible assets	808	1,000
	Costs related to regulatory actions taken in facilities	36	75
	Equity compensation	13	6
	Other COGS related adjustments	2	12
	Gross profit adjustments	859	1,093
(2)	Impairment of long-lived assets	361	387
	Restructuring expenses	183	246
	Legal settlements and loss contingencies	631	(111)
	Contingent consideration	399	(20)
	Acquisition expenses	211	13
	Equity compensation	99	72
	Amortization of purchased intangible assets	30	36
	Other operating related expenses	49	143
		1,963	766
	Operating income adjustments	2,822	1,859
(3)	Financial expense	777	7
	Tax effect	(631)	(508)
	Impairment of equity investment─net	124	-
	Changes in minority interest	16	-
	Net income adjustments	3,108	1,358

(4) Non-GAAP net income attributable to ordinary shareholders for the year ended December 31, 2015 includes an add back of $15 million accrued dividends on preferred shares since they had a dilutive effect on earnings per share.

(5) The non-GAAP weighted average number of shares was 867 and 858 million for the years ended December 31, 2015 and 2014, respectively. Non-GAAP earnings per share can be reconciled with GAAP earnings per share by dividing each of the amounts included in footnotes 1-3 above by the applicable weighted average share number.

* Beginning in 2015, expenses related to our equity compensation are excluded from our non-GAAP results.
The data presented have been conformed to reflect the exclusion of equity compensation expenses for all periods.

Reconciliation between net income attributable to ordinary shareholders and earnings per share as reported under US GAAP to non-GAAP net income attributable to ordinary shareholders and earnings per share

	Three months ended December 31, 2015				Three months ended December 31, 2014			
	U.S. dollars and shares in millions (except per share amounts)							
	GAAP	Non-GAAP Adjustments	Non-GAAP	% of Net Revenues	GAAP	Non-GAAP Adjustments	Non-GAAP	% of Net Revenues
Gross profit (1)	2,847	207	3,054	63%	2,889	278	3,167	61%
Operating income (1)(2)	931	550	1,481	30%	942	578	1,520	29%
Net income attributable to ordinary shareholders (1)(2)(3)(4)	485	636	1,136	23%	687	457	1,144	22%
Earnings per share attributable to ordinary shareholders - diluted (5)	0.55	0.73	1.28		0.80	0.53	1.33	

		2015	2014
(1)	Amortization of purchased intangible assets	194	244
	Costs related to regulatory actions taken in facilities	8	30
	Equity compensation	5	2
	Other COGS related adjustments	-	2
	Gross profit adjustments	207	278
(2)	Impairment of long-lived assets	28	179
	Restructuring expenses	62	80
	Legal settlements and loss contingencies	100	(44)
	Contingent consideration	70	6
	Acquisition expenses	17	2
	Equity compensation	25	22
	Amortization of purchased intangible assets	7	9
	Other operating related expenses	34	46
		343	300
	Operating profit adjustments	550	578
(3)	Finance expense	2	1
	Tax effect	(40)	(122)
	Impairment of equity investment─net	124	-
	Net income adjustments	636	457

(4) Non-GAAP net income attributable to ordinary shareholders for the three months ended December 31, 2015 includes an add back of $15 million accrued dividends on preferred shares since they had a dilutive effect on earnings per share.

(5) The non-GAAP weighted average number of shares was 888 and 861 million for the three months ended December 31, 2015 and 2014, respectively. Non-GAAP earnings per share can be reconciled with GAAP earnings per share by dividing each of the amounts included in footnotes 1-3 above by the applicable weighted average share number.

* Beginning in 2015, expenses related to our equity compensation are excluded from our non-GAAP results. The data presented have been conformed to reflect the exclusion of equity compensation expenses for all periods.

Segment Information

Generic Medicines

	Three months ended December 31,				Percentage Change
	2015		2014		2015 - 2014
	Unaudited, U.S.$ in millions / % of Segment Revenues				
Revenues	2,257	100.0%	2,469	100.0%	(9%)
Gross Profit	1,012	44.8%	1,083	43.9%	(7%)
R&D Expenses	136	6.0%	131	5.3%	4%
S&M Expenses	300	13.3%	383	15.5%	(22%)
Segment Profit*	576	25.5%	569	23.0%	1%

Specialty Medicines

	Three months ended December 31,				Percentage Change
	2015		2014		2015 - 2014
	Unaudited, U.S.$ in millions / % of Segment Revenues				
Revenues	2,114	100.0%	2,243	100.0%	(6%)
Gross Profit	1,855	87.7%	1,956	87.2%	(5%)
R&D Expenses	263	12.4%	214	9.5%	23%
S&M Expenses	561	26.5%	542	24.2%	4%
Segment Profit*	1,031	48.8%	1,200	53.5%	(14%)

* Segment profit consists of gross profit, less R&D and S&M expenses related to the segment. Segment profit does not include G&A expenses, amortization and certain other items. Beginning in 2015, expenses related to Teva's equity compensation are excluded from its segment results. The data presented has been conformed to reflect the exclusion of equity compensation expenses for all periods.

Segment Information

Generic Medicines

	Year ended December 31,				Percentage Change
	2015		2014		2015 - 2014
	Audited, U.S.$ in millions / % of Segment Revenues				
Revenues	9,546	100.0%	9,814	100.0%	(3%)
Gross Profit	4,499	47.1%	4,253	43.3%	6%
R&D Expenses	513	5.4%	512	5.2%	§
S&M Expenses	1,304	13.6%	1,575	16.0%	(17%)
Segment Profit*	2,682	28.1%	2,166	22.1%	24%

Specialty Medicines

	Year ended December 31,				Percentage Change
	2015		2014		2015 - 2014
	Audited, U.S.$ in millions / % of Segment Revenues				
Revenues	8,338	100.0%	8,560	100.0%	(3%)
Gross Profit	7,200	86.3%	7,457	87.1%	(3%)
R&D Expenses	918	11.0%	872	10.2%	5%
S&M Expenses	1,921	23.0%	1,990	23.2%	(3%)
Segment Profit*	4,361	52.3%	4,595	53.7%	(5%)

* Segment profit consists of gross profit, less R&D and S&M expenses related to the segment. Segment profit does not include G&A expenses, amortization and certain other items. Beginning in 2015, expenses related to Teva's equity compensation are excluded from its segment results. The data presented has been conformed to reflect the exclusion of equity compensation expenses for all periods.

§ Less than 0.5%.

Additional information

	MS Specialty				
	Three months ended December 31,				Percentage Change
	2015		2014		2015 - 2014
	Unaudited, U.S.$ in millions / % of MS Specialty Revenues				
Revenues	960	100.0%	1,121	100.0%	(14%)
Gross profit	866	90.2%	1,002	89.4%	(14%)
R&D expenses	32	3.3%	32	2.9%	§
S&M expenses	121	12.6%	125	11.2%	(3%)
MS profit	713	74.3%	845	75.4%	(16%)

	Other Specialty				
	Three months ended December 31,				Percentage Change
	2015		2014		2015 - 2014
	Unaudited, U.S.$ in millions / % of Specialty Revenues				
Revenues	1,154	100.0%	1,122	100.0%	3%
Gross profit	989	85.7%	954	85.0%	4%
R&D expenses	231	20.0%	182	16.2%	27%
S&M expenses	440	38.1%	417	37.2%	6%
Other Specialty profit	318	27.6%	355	31.6%	(10%)

§ Less than 0.5%.

* Beginning in 2015, expenses related to our equity compensation are excluded from our franchise results. The data presented have been conformed to reflect the exclusion of equity compensation expenses for all periods.

Additional information

	MS Specialty				
	Year ended December 31,				Percentage Change
	2015		2014		2015 - 2014
	Audited, U.S.$ in millions / % of MS Specialty Revenues				
Revenues	4,023	100.0%	4,237	100.0%	(5%)
Gross profit	3,618	89.9%	3,794	89.5%	(5%)
R&D expenses	101	2.5%	97	2.3%	4%
S&M expenses	432	10.7%	514	12.1%	(16%)
MS profit	3,085	76.7%	3,183	75.1%	(3%)

	Other Specialty				
	Year ended December 31,				Percentage Change
	2015		2014		2015 - 2014
	Audited, U.S.$ in millions / % of Specialty Revenues				
Revenues	4,315	100.0%	4,323	100.0%	§
Gross profit	3,582	83.0%	3,663	84.7%	(2%)
R&D expenses	817	18.9%	775	17.9%	5%
S&M expenses	1,489	34.5%	1,476	34.1%	1%
Other Specialty profit	1,276	29.6%	1,412	32.7%	(10%)

§ Less than 0.5%.

* Beginning in 2015, expenses related to our equity compensation are excluded from our franchise results. The data presented have been conformed to reflect the exclusion of equity compensation expenses for all periods.

Reconciliation of our segment profit to consolidated income before income taxes

	Three months ended December 31,	
	2015	2014
	Unaudited, U.S.$ in millions	
Generic medicine profit	576	569
Specialty medicine profit	1,031	1,200
Total segment profit	1,607	1,769
Profit of other activities	154	61
Total profit	1,761	1,830
Amounts not allocated to segments:		
Amortization	201	253
General and administrative expenses	291	320
Impairments, restructuring and others	163	286
Legal settlements and loss contingencies	100	(44)
Other unallocated amounts	75	73
Consolidated operating income	931	942
Financial expenses - net	70	70
Consolidated income before income taxes	861	872

Reconciliation of our segment profit to consolidated income before income taxes

	Year ended December 31,	
	2015	2014
	Audited, U.S.$ in millions	
Generic medicines profit	2,682	2,166
Specialty medicines profit	4,361	4,595
Total segment profit	7,043	6,761
Profit of other activities	318	226
Total profit	7,361	6,987
Amounts not allocated to segments:		
Amortization	838	1,036
General and administrative expenses	1,239	1,217
Impairments, restructuring and others	1,131	650
Legal settlements and loss contingencies	631	(111)
Other unallocated amounts	170	244
Consolidated operating income	3,352	3,951
Financial expenses - net	1,000	313
Consolidated income before income taxes	2,352	3,638

Revenues by Activity and Geographical Area

(Unaudited)

	Three Months Ended December 31, 2015	2014	Percentage Change 2015 - 2014	Percentage Change 2015 - 2014 in local currencies
	U.S. $ in millions			
Generic Medicines...............				
United States.........	996	1,178	(15%)	(15%)
Europe*................	700	759	(8%)	2%
Rest of the World..	561	532	5%	18%
Total Generic Medicines.....	2,257	2,469	(9%)	(3%)
Specialty Medicines............				
United States.........	1,640	1,628	1%	1%
Europe*................	366	448	(18%)	(8%)
Rest of the World..	108	167	(35%)	(21%)
Total Specialty Medicines...	2,114	2,243	(6%)	(3%)
Other Revenues...................				
United States.........	6	2	200%	200%
Europe*................	158	180	(12%)	§
Rest of the World..	346	274	26%	35%
Total Other Revenues..........	510	456	12%	22%
Total Revenues...................	4,881	5,168	(6%)	(1%)

* All members of the European Union, Switzerland, Norway, Albania and the countries of former Yugoslavia.

§ Less than 0.5%.

Revenues by Activity and Geographical Area

(Audited)

	Year Ended December 31, 2015	Year Ended December 31, 2014	Percentage Change 2015 - 2014	Percentage Change 2015 - 2014
	U.S. $ in millions			in local currencies
Generic Medicines				
United States	$ 4,793	$ 4,418	8%	8%
Europe*	2,706	3,148	(14%)	(1%)
Rest of the World	2,047	2,248	(9%)	6%
Total Generic Medicines	9,546	9,814	(3%)	5%
Specialty Medicines				
United States	6,442	6,110	5%	5%
Europe*	1,518	1,898	(20%)	(5%)
Rest of the World	378	552	(32%)	(16%)
Total Specialty	8,338	8,560	(3%)	2%
Other Revenues				
United States	14	106	(87%)	(87%)
Europe*	666	777	(14%)	2%
Rest of the World	1,088	1,015	7%	18%
Total Other Revenues	1,768	1,898	(7%)	5%
Total Revenues	$ 19,652	$ 20,272	(3%)	4%

* All members of the European Union, Switzerland, Norway, Albania and the countries of former Yugoslavia.

Revenues by Product line

(Unaudited)

	Three Months Ended December 31,		Percentage Change
	2015	2014	2015 - 2014
	U.S. $ in millions		
Generic Medicines	**$ 2,257**	**$ 2,469**	**(9%)**
API	202	178	13%
Specialty Medicines	**2,114**	**2,243**	**(6%)**
CNS	*1,274*	*1,451*	*(12%)*
Copaxone®	960	1,121	(14%)
Azilect®	80	108	(26%)
Nuvigil®	100	105	(5%)
Respiratory	*326*	*252*	*29%*
ProAir®	148	120	23%
Qvar®	119	77	55%
Oncology	*318*	*335*	*(5%)*
Treanda®	198	226	(12%)
Women's Health	*107*	*115*	(7%)
Other Specialty	*89*	*90*	*(1%)*
All Others	**510**	**456**	**12%**
OTC	316	228	39%
Other Revenues	194	228	(15%)
Total	**$ 4,881**	**$ 5,168**	**(6%)**

Revenues by Product line
(Audited)

	Year Ended December 31,		Percentage Change
	2015	2014	2015 - 2014
	U.S. $ in millions		
Generic Medicines	**$ 9,546**	**$ 9,814**	**(3%)**
API	*748*	*724*	*3%*
Specialty Medicines	**8,338**	**8,560**	**(3%)**
CNS	*5,213*	*5,575*	*(6%)*
Copaxone®	4,023	4,237	(5%)
Azilect®	384	428	(10%)
Nuvigil®	373	388	(4%)
Respiratory	*1,129*	*957*	*18%*
ProAir®	549	478	15%
Qvar®	392	286	37%
Oncology	*1,201*	*1,180*	*2%*
Treanda®	741	767	(3%)
Women's Health	*461*	*504*	*(9%)*
Other Specialty	*334*	*344*	*(3%)*
All Others	**1,768**	**1,898**	**(7%)**
OTC	*994*	*996*	*§*
Other Revenues	*774*	*902*	(14%)
Total	**$ 19,652**	**$ 20,272**	**(3%)**

§ Less than 0.5%.